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Attorneys for Richard M. Pachulski,  
Chapter 11 Trustee

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**  
**LOS ANGELES DIVISION**

In re:  
  
LAYFIELD & BARRETT, APC,  
  
Debtor.

Case No.: 2:17-bk-19548-NB

Chapter 11

**CHAPTER 11 TRUSTEE'S NINTH  
STATUS REPORT**

Date: October 15, 2019

Time: 2:00 p.m.

Place: United States Bankruptcy Court  
Edward R. Roybal Federal Building  
255 E. Temple Street  
Courtroom 1545

Los Angeles, California  
Judge: Honorable Neil W. Bason

Richard M. Pachulski, the duly appointed chapter 11 trustee (the "Trustee") in the above-captioned bankruptcy case (the "Case") of Layfield & Barrett, APC (the "Debtor" or "L&B"), hereby files his ninth chapter 11 status report (the "Status Report")<sup>1</sup>, which updates the information provided to this Court in the *Chapter 11 Trustee's Eight Status Report* [Docket No. 401] (the "Eighth Status Report"), filed on January 29, 2019, in accordance with the Court's *Order Setting Case Status Conference and Procedures* entered on August 14, 2017 [Docket No. 28] (the "Case Status Conference Order").

<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Eighth Status Report.

The Trustee respectfully represents the following:

**I.**

**BACKGROUND**

The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for any relief sought or granted herein are sections 105(a) and (d) of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”).

**II.**

**CASE STATUS**

Significant events in the Case since the Eighth Status Report include:

**A. Cash on Hand**

As of August 30, 2019, the Trustee holds \$156,248.89.

**B. Complaint for Avoidance and Recovery of Preferential Transfers (Young)**

On July 23, 2018, the Trustee commenced an adversary proceeding (the “Young Proceeding”) seeking to avoid and recover transfers made within the 90 days prior to the Petition Date in the aggregate amount of \$487,848.47. Discovery in the Young Proceeding is continuing with a status conference set for December 10, 2019.

**C. Complaint for Avoidance and Recovery of Preferential Transfers (Watson)**

On January 24, 2019, the Trustee commenced an adversary proceeding (the “Watson Proceeding”) in this Court against Grace Watson, a creditor of L&B, seeking to avoid and recover transfers made within the 90 days prior to the Petition Date in the aggregate amount of \$151,302.53. On March 14, 2019, the Trustee dismissed the Complaint.

**D. Sale of the Utah Properties**

On February 7, 2019, the Court granted the Trustee’s motion for the sale of Unit 200, Toll Creek Village 2, an office condominium located at 2720 Homestead Road, Park City, Utah 84098 (the “Toll Creek Village”), free and clear of all liens, claims, and encumbrances to Sterling Holdings LLC for \$399,000. The Court further set a briefing schedule to address and dispose of the Trustee’s disputes regarding the liens against the proceeds of sale of the property asserted by Wells Fargo

1 Bank, N.A. (“Wells Fargo”) and Toll Creek Owners Association, Inc. The Trustee and Wells Fargo  
2 reached a settlement, which the Court approved on April 11, 2019.

3 On March 19, 2019, the Trustee filed a motion for order authorizing him to sell real property  
4 commonly known as Units 210 and 220 of Toll Creek Village (Parcel Nos. TCVC-2-210 and TCVC-  
5 2-220), to Allegretti & Company, free and clear of all liens, claims and encumbrances for the sum of  
6 \$275,000, which was approved by the Court on April 5, 2019.

7 **E. Wells Fargo Bank Relief From Stay**

8 The relief from stay motion has been withdrawn by Wells Fargo pursuant to the stipulation  
9 approved by the Court on April 11, 2019, whereby Wells Fargo agreed to accept \$248,000 from the  
10 proceeds of the sale in full and final satisfaction of its liens and claims.

11 **F. Layfield Complaint Against Certain Lenders and the Trustee**

12 On October 11, 2018, Philip Layfield (“Layfield”) commenced an adversary proceeding  
13 against the Trustee, Advanced Legal Capital, LLC, US Claims Opco, LLC and DRB Capital, LLC,  
14 seeking declaratory relief and alleging breach of the covenant of good faith and fair dealing,  
15 interference with contractual relations, intentional interference with prospective economic advantage  
16 and negligence. On March 26, 2019, the Court dismissed the action for lack of standing by Layfield.

17 **G. Layfield’s Motion to Compel Trustee to File Tax Returns**

18 On July 24, 2019, Layfield filed a *Motion to Compel Chapter 11 Trustee to File Income Tax*  
19 *Returns, Payroll Tax Returns, Issue W-2S, Pay Required Taxes Due, File Appropriate Carryback*  
20 *Returns and Discharge Duties Regarding Employee Benefit Plans* (the “Motion to Compel”)  
21 [Docket No. 443], which the Trustee opposed. The Court denied Layfield’s Motion to Compel and  
22 entered an order striking the Motion to Compel on September 12, 2019 [Docket No. 456].

23 **H. Layfield Tolling Agreement**

24 On August 9, 2019, the Trustee and Wesley H. Avery (“Avery”), the Chapter 7 Trustee for  
25 Layfield’s involuntary case, entered into a *Stipulation and Tolling Agreement Extending Statutes of*  
26 *Limitation Re: Philip Layfield* [Docket No. 445], whereby the Trustee agreed not to commence, file  
27 or initiate any causes of action against any Layfield Party (as such term is defined therein) through  
28 February 11, 2020. Avery and the Trustee agreed that all statutes of limitation, including but not

1 limited to those set forth in section 546 of the Bankruptcy Code, applicable to any causes of action  
2 that the Trustee may bring against any Layfield Party are hereby extended through and including  
3 March 11, 2020. The stipulation was provisionally approved by the Court on August 11, 2019  
4 [Docket No. 446]

5 There are no other matters currently pending before this Court in the Case.

6 **III.**

7 **OTHER INFORMATION RELATING TO THE CASE**

8 **A. Criminal Action Against Layfield**

9 The indictment in the criminal action by the United States against Layfield was filed on  
10 March 9, 2018. On March 23, 2018, the court set an initial trial date of May 15, 2018, which has  
11 most recently been continued from September 10, 2019, to January 21, 2020, by stipulation.

12 **B. Philip Layfield Involuntary Bankruptcy Case**

13 On May 24, 2019, this Court denied Layfield's motion to dismiss the case pursuant to  
14 Bankruptcy Code section 305. On September 3, 2019, the Court granted creditor, Daniel Tontini's,  
15 motion for relief from stay to proceed in a nonbankruptcy forum to final judgment, however, the stay  
16 remains in effect with respect to enforcement of any judgment against property of Layfield's  
17 bankruptcy estate - any such property shall be distributed when and how provided by the Bankruptcy  
18 Code. Nevertheless, Tontini was permitted to enforce his final judgment by (i) collecting upon any  
19 available insurance in accordance with applicable nonbankruptcy law or (ii) proceeding against  
20 Layfield as to any property that is not property of this bankruptcy estate.

21 On September 16, 2019, the Court denied Layfield's motions to (i) stay his bankruptcy case  
22 and all related adversary proceedings; (ii) disqualify Avery; and (iii) for entry of an order finding the  
23 Department of Treasury (Internal Revenue Service) in willful violation of the automatic stay and  
24 assessing sanctions including actual and punitive damages. On September 18, 2019, the Court  
25 denied Layfield's motion for relief from stay as to the non-bankruptcy action of *Advocate Capital v.*  
26 *Layfield*.

**C. Christine Layfield Delaware Bankruptcy Case**

After consideration of (i) the *Motion of the United States Trustee to Transfer Venue of the Debtor's Bankruptcy Case to the United States Bankruptcy Court for the Central District of California or Alternatively, Dismiss the Debtor's Bankruptcy Case under 11 U.S.C. § 305* [DE Docket No. 12]; (ii) the objection of Christine Layfield to the motion [DE Docket No. 15]; and (iii) the *Joinder of Interested Party, Philip Layfield*, to the objection [DE Docket No. 16], and upon consent of the parties in open court on March 21, 2019, the case was dismissed without prejudice on March 27, 2019. On March 29, 2019, George L. Miller, the Chapter 7 Trustee, filed his report of no distribution and the case was closed on April 11, 2019.

Dated: October 8, 2019

PACHULSKI STANG ZIEHL & JONES LLP

By: /s/ Malhar S. Pagay  
Malhar S. Pagay

Attorneys for  
Richard M. Pachulski, Chapter 11 Trustee

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
**10100 Santa Monica Boulevard, 13<sup>th</sup> Floor, Los Angeles, California 90067**

A true and correct copy of the foregoing document entitled (*specify*): **CHAPTER 11 TRUSTEE'S NINTH STATUS REPORT** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **October 8, 2019**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On (*date*) **October 8, 2019**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Philip J. Layfield  
1875 Connecticut Ave. NW, 10<sup>th</sup> Fl  
Washington, DC 20006

Philip J. Layfield  
c/o Maximum Legal Holdings, LLC  
8 The Green  
Suite 6426  
Dover, Delaware 19901

Layfield & Barrett, APC  
fka Layfield & Wallace, APC  
fka The Layfield Law Firm, APC  
Attn: Philip Layfield, Officer of Record  
1875 Connecticut Ave. NW, 10<sup>th</sup> Fl.  
Washington, DC 20006

Layfield & Barrett, APC  
fka Layfield & Wallace, APC  
fka The Layfield Law Firm, APC  
Attn: Philip Layfield, Officer of Record  
c/o Maximum Legal Holdings, LLC  
8 The Green, Suite 6426  
Dover, Delaware 19901

☐ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) **October 8, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

**VIA HAND DELIVERY**

Honorable Neil W. Bason  
U.S. Bankruptcy Court  
255 E. Temple Street, Suite 1552 / Courtroom 1545  
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

October 8, 2019  
Date

MARY DE LEON  
Printed Name

/s/ Mary de Leon  
Signature

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):**

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